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SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
Telephone (602) 559-9575

Attorneys for Navajo Water Co., Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF NAVAJO WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03511A-14-0304

**RESPONSE TO SUPPLEMENTAL
STAFF REPORT**

Navajo Water Co., Inc. ("Company") hereby responds to the Supplemental Staff Report filed February 27, 2015 in the above-captioned matter. In summary, with one exception, the Company agrees with the adjustments and recommendations made by Staff in this docket. As a result, the Company and Staff are in agreement regarding the components of the revenue requirement - rate base, expenses, cost of capital, and the resulting rates.

The only point on which Staff and the Company disagree is Staff's Best Management Practices ("BMP") recommendation.¹ The Company continues to believe that Staff's BMP recommendation should be rejected.² As previously discussed, the Company is not located within an Active Management Area. Staff is therefore recommending that the Commission impose requirements that are not otherwise required by Arizona law. The Company is also a very small company already struggling to pay its bills. There is no extra revenue available for the implementation of BMPs;

¹ Supplemental Staff Report at 2, 5.

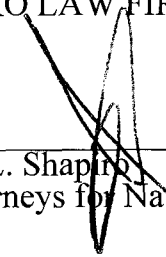
² See Company's Response to Staff Report (filed Feb. 11, 2015) at 3.

1 allowing the Company to recover all of the associated costs in some future rate case will
2 not suffice. For these reasons, Staff's recommendation should be rejected.

3 With that exception, the Company reiterates its agreement with Staff regarding
4 just and reasonable rates and respectfully urges approval by the Commission as soon as
5 possible.

6 RESPECTFULLY SUBMITTED this 3rd day of March, 2015.

7 SHAPIRO LAW FIRM, P.C.

8
9 By 
10 Jay L. Shapiro
11 Attorneys for Navajo Water Co., Inc.

12 **ORIGINAL** and thirteen (13) copies
13 of the foregoing were filed
this 3rd day of March, 2015, with:

14 Docket Control
15 Arizona Corporation Commission
1200 W. Washington Street
16 Phoenix, AZ 85007

17 **COPY** of the foregoing was hand-delivered
this 3rd day of March, 2015, to:

18 Teena Jibilian, ALJ
19 Hearing Division
Arizona Corporation Commission
1200 W. Washington Street
20 Phoenix, AZ 85007

21 Robin Mitchell
22 Legal Division
Arizona Corporation Commission
1200 W. Washington Street
23 Phoenix, AZ 85007

1 **COPY** of the foregoing was e-mailed
2 this 3rd day of March, 2015, to:

3 Robert T. Hardcastle
4 Brooke Utilities, Inc.
5 P.O. Box 82218
6 Bakersfield, CA 93380

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11 By: Courtney Bile
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